

**PREFILED TESTIMONY OF
CHRISTOPHER P.N. WOODCOCK**

Q: Please state your name and business address?

A: My name is Christopher P.N. Woodcock and my business address is 18 Increase Ward Drive, Northborough, Massachusetts 01532.

Q: By whom are you employed and in what capacity?

A: I am the President of Woodcock & Associates, Inc. a consulting firm specializing in water and wastewater rate and financial studies.

Q: Please describe your qualifications and experience.

A: I have undergraduate degrees in Economics and in Civil Engineering from Tufts University in Medford, Massachusetts. After graduating in 1974, I was employed by the environmental consulting firm of Camp, Dresser and McKee Inc. (now CDM). For approximately 18 months I worked in the firm's environmental engineering group performing such tasks as designing water distribution and transmission pipes, sewer collection and interception systems, pumping facilities and portions of a wastewater treatment facility. From approximately January 1976 to October 1994, I worked in CDM's management and financial consulting services group, gaining increasing responsibility. At the time of my resignation, I was a corporate Vice President and appointed the leader of the group overseeing all rate and financial studies. In 1994 I opened my own consulting firm, Woodcock & Associates, Inc. In my career, I have worked on more than 300 water and wastewater rate and financial studies, primarily in the United States, but also for government agencies overseas. In addition, I have worked on a number of engineering and financial feasibility studies in support of revenue bond issues, as well as several valuation studies, capital improvement financing analyses and management audits of public works agencies. In addition to my professional experience, I have held elected and appointed positions on municipal boards associated with public works functions (including water and wastewater services) in Wayland, Massachusetts.

1

2 Q: Have you previously testified before state regulatory commissions or courts on rate
3 related matters?

4 A: Yes, I have provided testimony on rate related matters before utility commissions in
5 Rhode Island, Maine, Connecticut, New York, New Hampshire, Texas, and Alberta,
6 Canada. I have also been retained as an expert witness on utility rate related mat-
7 ters in proceedings in state courts in Massachusetts, Michigan, New Jersey, Mary-
8 land, Pennsylvania, and Florida as well as Federal Court in Michigan. I have been
9 selected to several arbitration panels related to disputes over water rates and
10 charges. I have also provided testimony on rate related matters to the Michigan
11 and Massachusetts legislatures, and testimony at administrative hearings on a
12 number of occasions.

13

14 Q: Do you belong to any professional organizations or committees?

15 A: Yes, I am a member of the Water Environment Federation, the Rhode Island Water
16 Works Association, the Massachusetts Water Works Association, the New England
17 Water Works Association, and the American Water Works Association. For the Wa-
18 ter Environment Federation, I am a member of the committee that is preparing an
19 update to the manual on Wastewater Rates and Financing. For the New England
20 Water Association, I am a member of the Conservation Committee and the Finan-
21 cial Management Committee. For the American Water Works Association (AWWA),
22 I am past chairman of the Financial Management Committee and the Rates and
23 Charges Committee that has prepared the manuals on Revenue Requirements,
24 Water Rates, Alternative Rate Structures, and Water Rates and Related Charges. I
25 am currently a member of the AWWA Rates & Charges Committee.

26

27 Q: Have you prepared any articles on rates related matters?

28 A: Yes, I have had a number of articles published and am frequently asked to speak at
29 conventions sponsored by national and local utility associations on matters related
30 to water and wastewater rates.

1

2 Q: Please describe your role in this proceeding.

3 A: Working with the staff of the Woonsocket Water Department ("WWD"), I have sum-
4 marized the test year and the rate year revenue requirements as well as the pro-
5 posed new rates and charges. The results of my analyses are included in the
6 schedules included with this testimony.

7

8 Q: What are your conclusions?

9 A: WWD is in need of a rate increase of slightly less than 25%. Because the amount
10 of the increase falls within the limits for an abbreviated rate filing (Section 2.10 of
11 the Commission's Rules), we are submitting this request under those guidelines.

12

13 **Test Year**

14 Q: What are the proposed Test Year and Rate Year in this filing?

15 A: The proposed Test Year is the fiscal year July 1, 2001 – June 30, 2002, which is
16 within the nine-month period required under Commission Rule 2.6. The proposed
17 Rate Year is fiscal year 2004: July 1, 2003 – June 30, 2004.

18

19 **Revenue Requirements**

20 Q: Can you quantify the costs responsible for this proposed increase?

21 A: I would be happy to. WWD's last rate increase was in Docket No. 2904, and be-
22 came effective November 1, 1999. The rate year in that docket was FY 2000. The
23 rate year in this docket is four years later.

- 24 • From the rate year of the last docket, there will be an increase in per-
25 sonnel costs of some \$205,000 or about 4.2% per year compounded.
26 The rate year amounts presented in the filing are based on contractual
27 obligations. There is no proposed increase in the number of employ-
28 ees.
- 29 • Maintenance and Servicing costs have increased by over \$271,000
30 since the prior docket or about 8.7% per year compounded. Several

1 notable items in this category that have significant increases over the
2 test year amounts are:

- 3 – Maintenance and repairs to roads and walks: this item has
4 seen a major increase since the City required full width paving
5 to trenches.
- 6 – Based on the first six months of this fiscal year, electricity and
7 related costs will increase by more than \$19,000 over the test
8 year.
- 9 – Property tax assessments for the current fiscal year are almost
10 \$30,000 more than last year. They can be expected to in-
11 crease further in the rate year, but we do not have known and
12 measurable values for this as required in an abbreviated filing.
- 13 – Due to a recent increase in sewer rates in Woonsocket, the
14 sewer assessment has already grown by nearly 80% from the
15 test year.

- 16 • Operating Supplies have increased by over \$48,000 since the prior
17 docket, or about 3.7% per year compounded.
- 18 • General Charges have increased by nearly \$280,000 since the prior
19 docket, or about 2.5% per year compounded. We have requested a
20 slight reduction in the Renewal and Replacement Account. While the
21 Rate Year Debt Service is expected to be slightly less than the re-
22 stricted amount from Docket No. 2904, Woonsocket is requesting sig-
23 nificant increases in:

- 24 – Insurance costs, including almost \$100,000 in health insur-
25 ance, \$22,000 in liability insurance, and \$15,000 in worker's
26 compensation insurance.
- 27 – With the increases in personnel costs described earlier, there
28 will be concurrent increases in Pension and FICA/Medicare
29 costs.

1 – Infrastructure Financing costs (IFR), to raise the annual
2 amount to \$825,000.

3
4 Q: You said that the rate year debt service is less than the restricted amount – can you
5 explain this?

6 A: Yes. Since the last docket, the City has retired one series of bonds – the 1982
7 bonds. In addition, the City refinanced the 1988 series of bonds to realize further
8 savings. Perhaps most importantly, the amount that had been set aside for the re-
9 tirement of the Revenues Anticipation Notes is no longer needed, as those have
10 been paid off.

11 However, the City is expecting to close on its loans with the Clean Water Finance
12 Agency shortly. This will result in additional debt service during construction that is
13 expected to be approximately \$150,000 in the rate year. After that the payments on
14 these bonds will increase significantly, and another rate adjustment will be neces-
15 sary.

16 We request that the Commission allow an increase in the IFR costs. The current
17 authorization is for \$650,605. WWD's IFR report indicates that spending at a level
18 in excess of this is needed the first five years. To accomplish this, WWD has been
19 using a mix of cash financing and borrowing for the IFR improvements. We are
20 asking that the restricted IFR authorization be increased to \$825,000, and that this
21 restricted account be authorized for use to pay the Clean Water Finance Agency
22 loan as needed. In the meantime, WWD proposes to use the allowed IFR funds to
23 pay for IFR approved projects. This plan will have the benefit of: (a) allowing WWD
24 to continue with improvements in its approved plan; (b) using the allowed funds to
25 pay for debt when it becomes due; and (c) having rates in place that can be used to
26 pay the loan as required under the Trust Indenture.

27
28 Q: In addition to the Debt Service and IFR restricted funds, the Commission also es-
29 tablished three others. Does the City propose changes to these as well?

30 A: Let me explain each one.

- 1 • The R&R account is used to fund renewals and replacements that are
2 outside the Infrastructure Plan. WWD has had this restricted fund for
3 over a decade and has found it quite useful to fund such items. In this
4 filing we are seeking a slight reduction as shown on page 4 of Sched-
5 ule 1.1
- 6 • As shown on page 4 of Schedule 1.1, WWD had expenditures from the
7 restricted chemical fund of nearly \$300,000 in the test year – some
8 \$83,000 more than the annual revenue requirement of \$213,884.
9 While the restricted chemical fund had a balance in excess of
10 \$400,000 at the end of the test year, it is expected that chemical costs
11 will continue to rise and that the balance in this fund will drop. Having
12 funds available for major chemical costs such as the replacement of
13 carbon has been valuable to WWD and they wish to continue to have
14 the chemical costs restricted for this reason.
- 15 • As the Commission knows, when a municipality prepares and files a
16 rate case, they incur costs prior to new rates going in place that are of-
17 ten set to pay those costs. In the prior rate case, the Commission es-
18 tablished a restricted account that could be used solely to pay rate
19 case costs. As a result, WWD has had funds available to pay for rate
20 cases and has not had to divert revenues from other sources in the
21 short run. However, it is expected that the costs of this filing will be
22 some \$90,000, substantially reducing the balance in this account.
23 WWD expects that it will need to return to the Commission for a rate
24 adjustment in the next two to three years to establish payment on the
25 Clean Water Finance Agency loan. It would thus appear that annual
26 funding of rate case costs at some \$30,000 per year would be reason-
27 able. However, because there is expected to be funds left in this re-
28 stricted account to help offset those costs, no change to the annual
29 amount of \$20,000 established in Docket No.2904 is proposed. In ef-

fect, this funding level amortizes the rate case costs over nearly five years.

Rate Design

Q: In general, how do you propose that the increased revenue requirements you are asking for be recovered?

A: I have proposed an across the board increase of approximately 24.9% to all rates and charges. Because the proposed rates have been rounded to the nearest penny, individual rates or changes may be slightly different. Because this is an abbreviated rate filing, I believe that an increase that proposes no significant new rate design is required under Commission Rule 2.10(c)(3). A full cost allocation study was developed in the last docket, along with a rather significant change in rate design. WWD presently has a uniform metered rate in conformance with statutory guidance.

Content of Schedules

Q: Please describe your prefiled schedules.

A: There are six primary schedules, the first of which includes a supporting schedule. They are:

- Schedule 1.0: Revenue Requirements with test year expenses and adjustments for the rate year. This schedule presents four types or categories of adjustments that are discussed in detail in Schedule 1.1
 - Schedule 1.1: explanation of various adjustments to the Test Year expenses. Adjustment A relates to labor or personnel costs. Adjustment B relates to known and measurable changes to the Test Year costs. Adjustment C is for an attrition allowance; however, as this is an abbreviated filing, no general attrition or inflation factor is allowed under Commission Rule 2.10 (b), and there are no adjustments in this category. Adjustment D relates to the restricted accounts and shows the

1 requested amounts for these as well as the test year activity in
2 these accounts.

- 3 • Schedule 2.0: Units of Service: Length of pipe in service by size, me-
4 tered water use, number of meters and hydrants, and fire services.
- 5 • Schedule 3.0: Comparison of Current and Proposed Rates.
- 6 • Schedule 4.0: Proof of Revenues showing calculation of annual reve-
7 nues under current and proposed rates, as well as the dollar and per-
8 cent changes.
- 9 • Schedule 5.0: Impact of Proposed Rates presenting the dollar and per-
10 centage increase in the water bill to various types of customers. Be-
11 cause the proposed increase is across the board, the percentage
12 change is approximately the same for all types of customers.
- 13 • Schedule 6.0: Summary of Cost of Service presents a summary of the
14 test year and proposed rate year revenues and expenses as well as a
15 comparison.

16 Q: In Schedule 2.0, you have shown several adjustments for large accounts that have
17 left the service area. Can you explain these?

18 A: Yes. Two large customers – Ocean State Finishing and Seville Dye – have closed
19 operations and left the WWD system. Because they were present during part of the
20 test year, I have removed their water use as adjustments to the test year values.
21 The number of meters and fire services are based on the most recent information
22 as of March 2003 and include the elimination of these large accounts.

23
24 Q: Does this conclude your testimony?

25 A: Yes it does, unless rebuttal testimony against the Division or other parties is
26 needed.

REVENUE REQUIREMENTS

	Test Year - 6/30/02	<----- Adjustments to Test Year Values ----->				Rate Year - 6/30/2004
		A	B	C	D	
Personnel Costs						
Permanent Services	\$893,457	\$186,124		0		\$1,079,581
Long Term Worker's Comp	0			0		\$0
Temporary Labor	15,191			0		\$15,191
Overtime Pay	142,182	14,517		0		\$156,699
Out Of Class Pay	901	92		0		\$993
Longevity Pay	25,409	14,514		0		\$39,923
Medical Buy Back	2,000	2,000		0		\$4,000
Sick Leave Reimbursement	16,718			0		\$16,718
Comp Time Reimbursement	501			0		\$501
Non-sick/Injury Bonus	1,500			0		\$1,500
Bonus for Course	14,500	4,655		0		\$19,155
Shift Differential	9,756	1,989		0		\$11,745
Subtotal	\$1,122,115	\$223,891	\$0	\$0	\$0	\$1,346,006
Maintenance & Servicing						
Postage	10,750		4,466	0		\$15,216
Telephone	36,152		2,972	0		\$39,124
Dues & Subscriptions	1,370			0		\$1,370
Advertising	2,942			0		\$2,942
Travel Within City	0			0		\$0
Travel Out of City	1,999		301	0		\$2,300
Education Training	9,553		478	0		\$10,031
Printing & Reproducing	10,827		700	0		\$11,527
General Maint. & Upkeep	62,866			0		\$62,866
Vehicle & Outside Equip. Upkeep	11,598			0		\$11,598
Maintenance - Office Equipment	2,228			0		\$2,228
Maintenance - Roads & Walks	77,679		34,231	0		\$111,910
Computer Software	1,081			0		\$1,081
Rental - Vehicles & Outside Equip.	0			0		\$0
Land Rental Charges	2,043			0		\$2,043
Other Rentals	1,500			0		\$1,500
Heating	10,675			0		\$10,675
Light & Power	202,331		19,063	0		\$221,394
Property & Fire Tax	138,124		29,574	0		\$167,698
Sewer Assessment	88,487		69,873	0		\$158,360
State Pollution Monitoring Prgm	16,917			0		\$16,917
Regulatory Assessments	25,290			0		\$25,290
Conservation Services	0		1,135	0		\$1,135
Police Details	8,423			0		\$8,423
Other Independent Service	10,729		-3,700	0		\$7,029
Medical Exams	166		306	0		\$472
Audit Service	6,532			0		\$6,532
Engineering Service	61,943			0		\$61,943
Subtotal	\$802,205	\$0	\$159,398	\$0	\$0	\$961,603

REVENUE REQUIREMENTS

	Test Year - 6/30/02	<----- Adjustments to Test Year Values ----->				Rate Year - 6/30/2004
		A	B	C	D	
Operating Supplies				0		
Office Supplies & Expenses	3,991			0		\$3,991
Gas & Diesel Fuel	9,202		5,798	0		\$15,000
Tires & Batteries	1,899		796	0		\$2,695
Chemicals For Water Supply	213,884			0		\$213,884
Tools & Implements	1,724			0		\$1,724
Cleaning & Housekeep. Supplies	2,937			0		\$2,937
Other Supplies	80,355			0		\$80,355
Lab Supplies	22,094		2,906	0		\$25,000
Clothing & Footwear - Crew	6,855		650	0		\$7,505
Medical Supplies	689		1,714	0		\$2,403
Clothing Allowance	3,467		300	0		\$3,767
Subtotal	\$347,097	\$0	\$12,164	\$0	\$0	\$359,261
General Charges						
Fiscal Certification	4,488			0		\$4,488
Pensions	0	26,786		0		\$26,786
FICA/Medicare Employer Cost	85,857	17,112		0		\$102,969
City Services Charge	265,022		16,140	0		\$281,162
Insurance - Vehicles	19,282		6,218	0		\$25,500
Insurance - Worker's Comp.	57,306		15,221	0		\$72,527
Insurance - Liability	69,457		22,400	0		\$91,857
Insurance - Group Life	5,528		829	0		\$6,357
Health Insurance	252,512		93,922	0		\$346,434
Dental Insurance	20,612		4,943	0		\$25,555
Restricted Accounts						
Renewal & Replacement Fund	200,000				-50,000	\$150,000
Rate Case Expense	20,000				0	\$20,000
IFR	650,605				174,395	\$825,000
Chemicals - Net				----- see above -----		\$0
Debt Service	919,241				-6,553	\$912,688
Claims	4,693					\$4,693
Subtotal	\$2,574,603	\$43,898	\$159,674	\$0	\$117,842	\$2,896,016
TOTAL EXPENSES	\$4,846,020	\$267,789	\$331,236	\$0	\$117,842	\$5,562,887
Plus Operating Reserve	15,703					\$83,443
Less Misc. Income						
Services & Extensions	-9,340		-2,247			-\$11,587
Misc. Income	-2,736		-658			-\$3,394
Interest on Bills	-104,303					-\$104,303
Interest on Investments	-43,242					-\$43,242
Other	0					\$0
Total Net Revenue Requirement	\$4,702,101	\$267,789	\$328,332	\$0	\$117,842	\$5,483,804

Explanation of Adjustments to Test Year Expenses

Adjustment A - Labor Increases

This adjustment reflects the increase in salary and wage costs from the test year to the rate year based on labor agreement from 7-1-2002 through 6-30-2005

			<u>Salary</u>		<u>Longevity</u>		<u>Course</u>
	<u>Test Year</u>	<u>Rate Year</u>	<u>Test Year</u>	<u>Rate Year</u>	<u>Percent</u>	<u>Rate Year</u>	<u>Bonus</u>
Water Div. Superint.	1	1	\$58,275	\$64,298	6.0%	3,858	1,044
Asst Water Superint.	1	1	49,890	55,045	5.0%	2,752	1,044
Public Works Acct Clerk	1	1	21,952	24,219	5.0%	1,211	0
Principal Clerk Typist	1	1	23,873	26,339	0.0%	0	0
Plant Equip Operator	1	1	29,876	32,963	4.0%	1,319	887
Water Works Clerk	1	1	21,952	24,219	4.5%	1,090	0
Chemist/Bacteriologist	1	1	39,595	42,006	4.0%	1,680	0
Water Div. Engineer	0	0	0	0	0.0%	0	0
Engineering Aide	1	1	30,922	34,588	4.5%	1,556	835
WTP Oper.	7	8	209,622	264,322	mixed	14,538	7,099
Water Foreperson	1	1	28,564	33,223	0.0%	0	887
Sr. Water Foreperson	1	1	35,038	38,659	4.5%	1,740	887
Utility Person	4	4	99,414	114,367	0.0%	0	1,879
Meter Foreperson	1	1	26,453	28,063	5.5%	1,543	470
Meter Reader/Repair	4	3	98,536	78,401	mixed	3,528	1,409
Heavy Equip Operator	2	2	54,704	60,356	0.0%	0	940
Plant Maint. Master Mechanic	1	1	35,577	39,253	5.5%	2,159	887
Water Supply Inspector	1	1	25,133	27,731	4.5%	1,248	887
Managerial Accountant	1	1	40,081	42,531	4.0%	1,701	0
Data Entry Operator	1	1	21,919	23,562	0.0%	0	0
Senior Water Div. Acct. Clerk	1	1	23,054	25,436	0.0%	0	0
Total	33.0	33.0	\$974,430	\$1,079,581		\$39,923	\$19,155

FICA Employer Cost based on 7.65% of personnel cost, Pensions based on 1.99% of personnel cost.

Medical Buy-back increased from 1 employee in test year to 2 employees in rate year

Overtime pay and out-of-class pay were invreased from the Test Year amounts by 7% for FY 03 and 3% for FY 04 (Rate year) per contract

Shift differentials based on contract requirements and experience in second half of calendar year 2002

Explanation of Adjustments to Test Year Expenses

Adjustment B - Known & Measurable Changes

This Adjustment is applied to various items as discussed below that represent normalization adjustments or known and measurable changes.

Postage

Postage for the rate year is estimated as follows:

Test Year Amount			\$10,750
Postal Increase (\$0.34 to \$0.37)			949
Plus:			
Rate Increase Notification	9,506	\$0.37	3,517
Total			\$15,216
Increase Over Test Year =			\$4,466

Telephone

	<u>6 month Actual</u>	<u>Annual</u>
Wireless (\$600/mo)	\$3,600	\$7,200
Wireline Comm (\$1350/mo)	\$8,100	\$16,200
Pagers	\$194	\$388
Security Circuits (8@\$31.63/mo)	\$1,518	\$3,036
SCADA Circuits (\$526/mo)	3,156	\$6,312
City Intranet (\$499/mo)	2,994	\$5,988
Total		\$39,124
Increase over TY		\$2,972

Printing & Reproduction

Cost of notifications = \$700

Travel Out of City

Rate year includes allowance for travel to AWWA (5 days) and NEWWA Annual Conferences (4 days)

9 days with meals & lodging at	\$200	\$1,800
Airfare to AWWA		\$500
Total Rate Year =		\$2,300
Increase over Test Year =		\$301

Education Training

NEWWA is increasing the cost of training programs b 5.0%

Maintenance - Roads & Walks

Costs for 5 months (July - Nov) =	\$46,629	Annual =	\$111,910
Increase over test year =			\$34,231

Land Rental

These represent charges from the P&W Railroad - rate year amount represents the most current charge.

Heating

Cost through Jan (4 months heating) =	\$7,884
Cost for Feb - Apr	\$5,913
Total	\$13,797
Change from TY =	\$3,122

Explanation of Adjustments to Test Year Expenses

Light & Power

Six Months actual = \$110,697
Annual amt = \$221,394
Change from TY = \$19,063

Property & Fire Tax

Property taxes based on FY 2003 actuals which = \$167,698 Adjustment = \$29,574

Sewer Assessment

		Annual
December (quarterly) Sewer Use bill =	\$24,714	\$98,855
Pretreatment Bill =	\$4,959	\$59,506
Total		\$158,360
Change from TY =		\$69,873

Conservation Services

Cost from Niagra Conservation to replenish conservation kits = \$1,135

Other Independ. Services

Based on 7 months of FY 2003 (\$4100) annual cost = \$7,029
Adjustment (\$3,700)

Medical Examinations

Increase in number of exams \$60/person - 8 people \$472 Increase = \$306

Gas & Diesel Fuel

City did not bill in test year, annual costs typically \$15,000 Adjustment = \$5,798

Tires & Baateries

Based on year to date annual = \$2,695 Adjustment \$796

Lab Supplies

Based on Current year budget of \$25,000 - through end Jan 2003 spent \$21,000

Clothing & Footwear

	Change from TY
Footwear allowance increased \$25 for 26 employees	\$650
Clothing allowance increased \$75 for 4 employees	\$300

Medical Supplies

Based on 7 month actual, annual cost \$2,403 change = \$1,714

City Services Charge

Much of this charge is employee related. Accordibgly, the test year costs were increased to reflect salary increases for employees at an annual rate of 3% for two years
Test Year Amount = \$265,022
Increase over Test Year = \$16,140

Insurance Costs

All insurance costs are based on FY 2003 actual costs and increased by 15% (4% for Delta Dental) based on Finance Dept information

Misc Revenues

Services & Extensions and Misc. Income increased with proposed fee increase equal to overall request

Explanation of Adjustments to Test Year Expenses

Adjustment C - Attrition Allowance

For all items not adjusted to the rate year elsewhere, an attrition allowance has been applied at an annual increase of 0.00%, or 0.00% compounded over 2 years.

Adjustment D - Restricted Accounts

RESTRICTED RECEIPT ACCOUNT ACTIVITY IN TEST YEAR

	<u>R&R</u>	<u>Chemicals</u>	<u>Debt</u>	<u>Rate Case</u>	<u>IFR</u>
Beginning Balance	419,716	485,567	152,343	197,396	953,081
Funding (TY)	200,000	213,884	919,241	20,000	650,605
Interest	8,820	9,680	5,058	4,240	20,300
Expenditures	157,379	297,577	1,053,330	17,270	577,800
Ending Balance	471,157	411,554	23,312	204,366	1,046,186

R&R Account

The R&R Account is proposed to be reduced from the current \$200,000 amount to **\$50,000**

Chemicals

No change - test year and rate year expenses exceed funding allowance - balances to be reduced

Debt Service -- Principal & Interest

		<u>Test Year (02)</u>	<u>FY 03</u>	<u>Rate Year (04)</u>
1988 Bond Issue (\$2,700,000)	Principal Due	\$173,535	\$176,050	\$186,110
(refinanced 1997)	Interest Due	76,875	69,184	61,033
	Total Due	\$250,410	\$245,234	\$247,143
1994 Bond Issue (\$6,400,000)	Principal Due	\$270,000	\$280,000	\$300,000
	Interest Due	239,615	228,005	215,545
	Total Due	\$509,615	\$508,005	\$515,545
RICWFA Bond 2003	Principal Due	\$0	\$0	\$0
	Interest Due	0	0	150,000
	Total Due	\$0	\$0	\$150,000
Total - All Bond Issues				
	Principal Due	\$443,535	\$456,050	\$486,110
	Interest Due	\$316,490	\$297,189	\$426,578
	Total Due	\$760,025	\$753,239	\$912,688

Summary of Adjustments

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Test Year (restricted amount docket 2904)			\$919,241
Rate Year	\$486,110	\$426,578	\$912,688
Adjustment			(\$6,553)

Rate Case Expense

Estimated Rate Case Expenses are proposed to be paid from the restricted receipts account funded at the following annual level:

Rate Filing	\$30,000	
Testimony, Data Requests, Hearings	30,000	
Division	20,000	
Attorney General	10,000	
Transcripts, other	10,000	
Total	\$100,000	(To be Paid from Restricted Account)
Cost over three yr. period	\$33,333	(vs. \$20,000 allowed in Docket 2904)
Increase Over Test Year	\$0	None Requested

IFR

Annual Cost Per Approved Plan =	\$825,000
Current Funding Level =	\$650,605
Increase =	\$174,395

UNITS OF SERVICE

Inch-Feet of Pipe

<u>Size (inches)</u>	<u>Feet</u>	<u>In-Ft</u>	<u>% of Total</u>
<u>Distribution</u>			
1.00	1,086	1,086	
1.25	239	299	
1.50	768	1,152	
2.00	3,926	7,852	
2.50	533	1,333	
3	93	279	
4	11,958	47,832	
6	135,287	811,722	
8	319,117	2,552,936	
10	11,918	119,180	54.5%
<u>Transmission</u>			
12	117,641	1,411,692	
14	10,437	146,118	
16	2,418	38,688	
18	18,526	333,468	
20	17,581	351,620	
24	14,460	347,040	
30	10,909	327,270	45.5%
Total	676,897	6,499,566	100.0%

UNITS OF SERVICE

Meters By Size *

<u>Total</u>	Meter <u>Size</u>	Semiannual <u>Accounts</u>	Quarterly <u>Accounts</u>	Total <u>Accounts</u>	Equivalency <u>Ratios</u>	Meter <u>Equivalents</u>
	5/8	7,925	435	8,360	1.0	8,360
	3/4	207	73	280	1.4	397
	1	144	224	368	1.8	647
	1 1/2	1	63	64	3.3	208
	2	1	126	127	4.6	581
	3	0	12	12	6.3	76
	4	0	32	32	9.6	307
	6	0	69	69	16.9	1,164
	8	0	38	38	29.6	1,123
	10	0	1	1	42.4	42
Totals		8,278	1,073	9,351		12,906

* As of March 2003, adjusted from Test Year for several large quarterly accounts that have left as follows:

1 Inch	-1	6 inch	-2
3 Inch	-1	8 inch	-1

Number of Bills

Metered Water	<u>Total</u>
Quarterly Bills	4,292
Semiannual Bills	16,556
Private Fire	620
Public Fire	3
Total Billings	21,471

UNITS OF SERVICE

Fire Service Data

	Size (inch)	Total Number	Equivalents*
Public Fire Hydrants	4	55	
	6	1,492	
Total		1,547	
Private Sprinklers	2	11	50
	3	5	32
	4	42	403
	6	78	1,316
	8	15	443
	10	4	<u>170</u>
Total		155	2,414
=====			
Grand Totals		1,702	
* Equivalents based on meter equivalents			

Water Use Data

	Million Gal.	100 Cu Ft
Test Year Production (mg)	1,771.960	2,368,930
TY Wholesale Sales (mg)	0.000	0.000
TY Retail Metered Sales (mg)		
Semi-annual	831.744	1,111,957
Quarterly	559.769	748,354
Adjustment for Major Accounts (Quarterly)		
Seville	-7.742	-10,350
Ocean State	-35.620	-47,620
Dorado	-4.584	-6,129
RY Retail Metered Sales (mg)		
Semi-annual	831.744	1,111,957
Quarterly	<u>511.823</u>	684,255
Total	1,343.567	1,796,212

COMPARISON OF CURRENT AND PROPOSED RATES

		<u>Current</u>	<u>New</u>
Public Fire Protection			
	4 inch	\$77.57	\$96.82
	6 inch	\$225.33	\$281.25
	per bill	\$6.27	\$7.83
Private Fire Protection			
	2 inch	\$7.66	\$9.56
	3 inch	\$7.66	\$9.56
	4 inch	\$27.17	\$33.91
	6 inch	\$68.82	\$85.90
	8 inch	\$140.74	\$175.67
	10 inch	\$244.92	\$305.70
Minimum/Service Charges *			
Semiannual	5/8	\$22.15	\$27.65
	3/4	\$28.81	\$35.96
	1	\$34.18	\$42.66
	1 1/2	\$58.00	\$72.39
	2	\$78.89	\$98.47
	3	\$106.68	\$133.15
	4	\$158.52	\$197.86
	6	\$274.22	\$342.27
	8	\$475.62	\$593.65
	10	\$680.18	\$848.97
Quarterly	5/8	\$14.21	\$17.74
	3/4	\$17.54	\$21.89
	1	\$20.23	\$25.25
	1 1/2	\$32.13	\$40.10
	2	\$42.58	\$53.15
	3	\$56.48	\$70.50
	4	\$82.40	\$102.85
	6	\$140.25	\$175.05
	8	\$240.98	\$300.78
	10	\$343.22	\$428.39
Metered Rates			
Wholesale	\$/mg	\$1,962.45	\$2,449.45
Retail	\$/100 cu ft	\$1.93	\$2.41

PROOF OF REVENUES

Revenue Category	Size/Use	Number	Rate	Proposed Revenues	Current Revenues	Dollar Increase	Percent Increase
Public Fire Protection							
	4 inch	55	\$96.82	\$5,325	\$4,266	\$1,059	24.82%
	6 inch	1,492	\$281.25	\$419,625	\$336,192	\$83,433	24.82%
	Bills	3	\$7.83	<u>\$23</u>	<u>\$19</u>	<u>\$5</u>	24.88%
				\$424,974	\$340,478	\$84,496	24.82%
Private Fire Protection							
	2 inch	11	\$9.56	\$421	\$337	\$84	24.80%
	3 inch	5	\$9.56	\$191	\$153	\$38	24.80%
	4 inch	42	\$33.91	\$5,697	\$4,564	1,133	24.83%
	6 inch	78	\$85.90	\$26,801	\$21,472	5,329	24.82%
	8 inch	15	\$175.67	\$10,540	\$8,445	2,096	24.82%
	10 inch	4	\$305.70	<u>\$4,891</u>	<u>\$3,919</u>	<u>973</u>	24.82%
				<u>\$48,541</u>	<u>\$38,889</u>	<u>\$9,652</u>	<u>24.82%</u>
Subtotal Fire Protection				\$473,515	\$379,367	\$94,148	24.82%
Service Charges							
Semiannual	5/8	15,850	\$27.65	\$438,253	\$351,078	\$87,175	24.83%
	3/4	414	\$35.96	\$14,887	\$11,927	2,960	24.82%
	1	288	\$42.66	\$12,286	\$9,844	2,442	24.81%
	1 1/2	2	\$72.39	\$145	\$116	29	24.81%
	2	2	\$98.47	\$197	\$158	39	24.82%
	3	0	\$133.15	\$0	\$0	0	---
	4	0	\$197.86	\$0	\$0	0	---
	6	0	\$342.27	\$0	\$0	0	---
	8	0	\$593.65	\$0	\$0	0	---
	10	0	\$848.97	<u>\$0</u>	<u>\$0</u>	<u>0</u>	---
				\$465,768	\$373,122	\$92,645	
Quarterly	5/8	1,740	\$17.74	\$30,868	\$24,725	\$6,142	24.84%
	3/4	292	\$21.89	\$6,392	\$5,122	1,270	24.80%
	1	896	\$25.25	\$22,624	\$18,126	4,498	24.81%
	1 1/2	252	\$40.10	\$10,105	\$8,097	2,008	24.81%
	2	504	\$53.15	\$26,788	\$21,460	5,327	24.82%
	3	48	\$70.50	\$3,384	\$2,711	673	24.82%
	4	128	\$102.85	\$13,165	\$10,547	2,618	24.82%
	6	276	\$175.05	\$48,314	\$38,709	9,605	24.81%
	8	152	\$300.78	\$45,719	\$36,629	9,090	24.82%
	10	4	\$428.39	<u>\$1,714</u>	<u>\$1,373</u>	<u>341</u>	24.81%
				<u>\$209,071</u>	<u>\$167,499</u>	<u>\$41,572</u>	24.82%
Subtotal Service Charge				\$674,839	\$540,622	\$134,217	24.83%
Metered Rates							
Wholesale	mill gal	0	\$2,449.45	\$0.00	\$0	\$0	---
Retail	100 cu ft	1,796,212	\$2.41	<u>\$4,328,871</u>	<u>\$3,466,689</u>	<u>\$862,182</u>	24.87%
Subtotal Metered Rates				<u>\$4,328,871</u>	<u>\$3,466,689</u>	<u>\$862,182</u>	
Total Rates and Charges				\$5,477,224	\$4,386,677	\$1,090,547	24.86%
Misc. Revenues				<u>162,526</u>	<u>159,622</u>	<u>2,905</u>	1.82%
Grand Total Revenues				\$5,639,751	\$4,546,299	\$1,093,451	24.05%
Revenue Required				\$5,646,330			
Difference				-\$6,580	-0.12%		

IMPACT OF PROPOSED RATES
(Annual Water Bill)

	<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>	<u>\$ Increase</u>
5/8 inch meter, semiannual 7,000 cu ft/yr	\$179.40	\$224.00	24.86%	\$45
5/8 inch meter, semiannual 10,000 cu ft/yr	\$237.30	\$296.30	24.86%	\$59.00
5/8 inch meter, semiannual 20,000 cu ft/yr	\$430.30	\$537.30	24.87%	\$107
1 inch meter, semiannual 50,000 cu ft/yr	\$1,033.36	\$1,290.32	24.87%	\$257
4 inch meter, quarterly 500,000 cu ft/yr	\$9,979.60	\$12,461.40	24.87%	\$2,482
6 inch meter, quarterly 1,000,000 cu ft/yr	\$19,861.00	\$24,800.20	24.87%	\$4,939

SUMMARY OF COST OF SERVICE

	<u>Test Year</u>	<u>Rate Year</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Expenses</u>				
Personnel Costs	\$1,122,115	\$1,346,006	\$223,891	20.0%
Maintenance & Servicing	\$802,205	\$961,603	\$159,398	19.9%
Operating Supplies	\$347,097	\$359,261	\$12,164	3.5%
General Charges	<u>\$2,574,603</u>	<u>\$2,896,016</u>	<u>\$321,413</u>	12.5%
Subtotal	\$4,846,020	\$5,562,887	\$716,867	14.8%
Plus Operating Reserve	\$15,703	\$83,443	\$67,740	431.4%
Revenue Required	\$4,861,723	\$5,646,330	\$784,607	16.1%
<u>Revenues</u>				
Public Fire Protection	\$340,478	\$424,974	\$84,496	24.8%
Private Fire Protection	\$38,889	\$48,541	\$9,652	24.8%
Service Charges	\$540,622	\$674,839	\$134,217	24.8%
Metered Rates	\$3,466,689	\$4,328,871	\$862,182	24.9%
Misc. Revenues	<u>\$159,622</u>	<u>\$162,526</u>	<u>\$2,905</u>	1.8%
Total Revenue	\$4,546,299	\$5,639,751	\$1,093,451	24.1%